



# Finolex Industries Limited

Largest PVC pipe manufacturer in the country

## Q2FY14 Results



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## Business performance

- ❖ Gross margins continue to grow. 30% margins for the quarter ended Q2FY14 – highest in last 8 quarters.
- ❖ EBIDTA margins before FOREX loss improved further to 21% vis-à-vis 18% in Q2FY14.
- ❖ Quarterly segmental revenues (including inter division sales)

Particulars	Q1FY14		Q2FY13		Q2FY14	
	INR Mln.	MT	INR Mln.	MT	INR Mln.	MT
PVC Pipes & Fittings	4,349.18	53,840	2,980.14	36,696	2,778.66	29,489
PVC	3,627.35	57,994	2,779.48	42,863	3,244.96	46,021
Power (Mwh)	450.35	61,754	514.00	72,348	406.10	50,998



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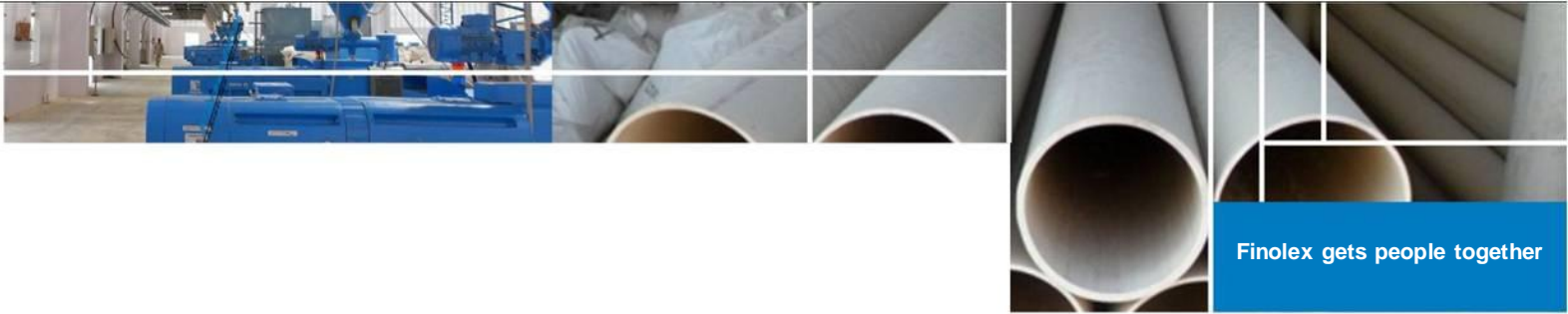
## Business Highlights

- ❖ Prolonged monsoon resulted in fall in demand for pipes and fittings during the quarter.
- ❖ In spite of a weak quarter, there is an increase in the prices of pipes because of an unprecedented increase in the raw material prices.
- ❖ FOREX volatility continues to remain a challenge. FOREX losses of INR 325.62 Mln. for the quarter ended Q2FY14.

Realised Loss – INR 306.36 Mln.

Unrealised Loss – INR 19.27 Mln.

- ❖ Most of the sales in non monsoon states during the quarter - reflects distribution strength.



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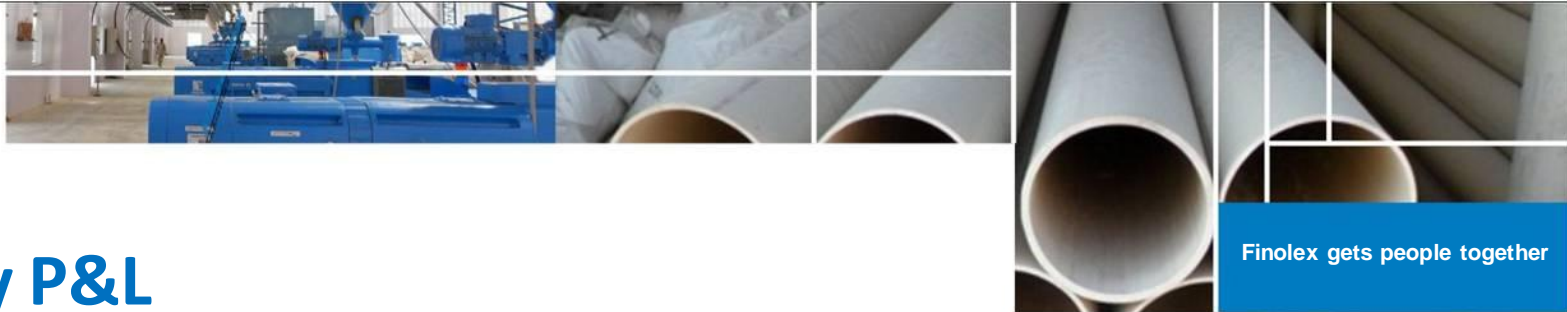
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## Results Update – Profit & Loss

<i>Particulars (INR millions)</i>	<b>Q2FY13</b>	<b>Q1FY14</b>	<b>Q2FY14</b>	<b>YoY</b>
Net Sales	3,809	5,635	3,899	<b>2%</b>
EBIDTA before forex gain/(loss)	673	946	815	<b>21%</b>
<b><i>EBIDTA margins (%)</i></b>	<b>18%</b>	<b>17%</b>	<b>21%</b>	
EBIDTA after forex gain/(loss)	639	407	490	<b>-23%</b>
Depreciation	137	146	148	<b>8%</b>
EBIT before forex gain/(loss)	536	799	667	<b>24%</b>
<b><i>EBIT margins (%)</i></b>	<b>14%</b>	<b>14%</b>	<b>17%</b>	
Other Income	157	194	172	<b>10%</b>
Interest	142	137	122	<b>-14%</b>
PBT	516	318	391	<b>-24%</b>
<b><i>PBT margins (%)</i></b>	<b>14%</b>	<b>6%</b>	<b>10%</b>	
Tax	117	91	117	<b>0%</b>
PAT	399	226	274	<b>-31%</b>
<b><i>PAT margins (%)</i></b>	<b>10%</b>	<b>4%</b>	<b>7%</b>	





## Quarterly P&L

Quarterly PL (INR million)	Q3		Q4		Q1		Q2	
	<i>FY13</i>	<i>FY12</i>	<i>FY13</i>	<i>FY12</i>	<i>FY14</i>	<i>FY13</i>	<i>FY14</i>	<i>FY13</i>
Net Income	6,144	5,687	6,296	5,930	5,635	5,199	3,899	3,809
Cost of goods sold	4,779	4,582	4,669	4,766	4,307	3,902	2,739	2,742
Gross Profits	1,366	1,105	1,627	1,164	1,328	1,296	1,160	1,068
<b>Gross margins (%)</b>	<b>22%</b>	<b>19%</b>	<b>26%</b>	<b>20%</b>	<b>24%</b>	<b>25%</b>	<b>30%</b>	<b>28%</b>
EBIDTA before forex gain/(loss)	940	497	1,099	774	946	875	815	673
<b>EBIDTA (%)</b>	<b>15%</b>	<b>9%</b>	<b>17%</b>	<b>13%</b>	<b>17%</b>	<b>17%</b>	<b>21%</b>	<b>18%</b>
EBIDTA after forex gain/(loss)	573	311	1,277	944	407	138	490	639
EBIT before forex gain/(loss)	805	301	967	592	799	735	667	536
<b>EBIT (%)</b>	<b>13%</b>	<b>5%</b>	<b>15%</b>	<b>10%</b>	<b>14%</b>	<b>14%</b>	<b>17%</b>	<b>14%</b>
PBT	421	(35)	1,106	728	318	(142)	391	516
<b>PBT (%)</b>	<b>7%</b>	<b>-1%</b>	<b>18%</b>	<b>12%</b>	<b>6%</b>	<b>-3%</b>	<b>10%</b>	<b>14%</b>
PAT	306	(18)	793	562	226	(137)	274	399
<b>PAT (%)</b>	<b>5%</b>	<b>0%</b>	<b>13%</b>	<b>9%</b>	<b>4%</b>	<b>-3%</b>	<b>7%</b>	<b>10%</b>
EPS	2.47	-	6.39	4.53	1.82	-	2.21	3.22



## Quarterly Segmental P&L

Segment wise – Quarterly PL (INR million)	Q3		Q4		Q1		Q2	
	FY13	FY12	FY13	FY12	FY14	FY13	FY14	FY13
<b><u>Segmental revenues</u></b>								
PVC	4,406	4,315	4,555	3,970	3,627	3,896	3,245	2,779
PVC pipes	3,558	3,062	4,142	3,447	4,349	3,134	2,779	2,945
Power	616	482	546	465	450	395	406	514
<b><u>Segmental profits</u></b>								
PVC	658	235	605	527	424	575	379	504
PVC pipes	123	115	315	177	355	199	236	80
Power	209	61	166	39	97	47	103	59
<b><u>Capital employed</u></b>								
PVC	6,994	6,725	7,462	6,758	8,203	7,209	7,400	6,129
PVC pipes	2,102	2,367	3,191	2,085	3,429	1,980	3,839	2,695
Power	3,668	3,796	3,151	3,859	3,464	3,903	2,743	3,485
Other segments	6,195	5,154	3,479	5,406	3,824	6,582	2,734	6,493



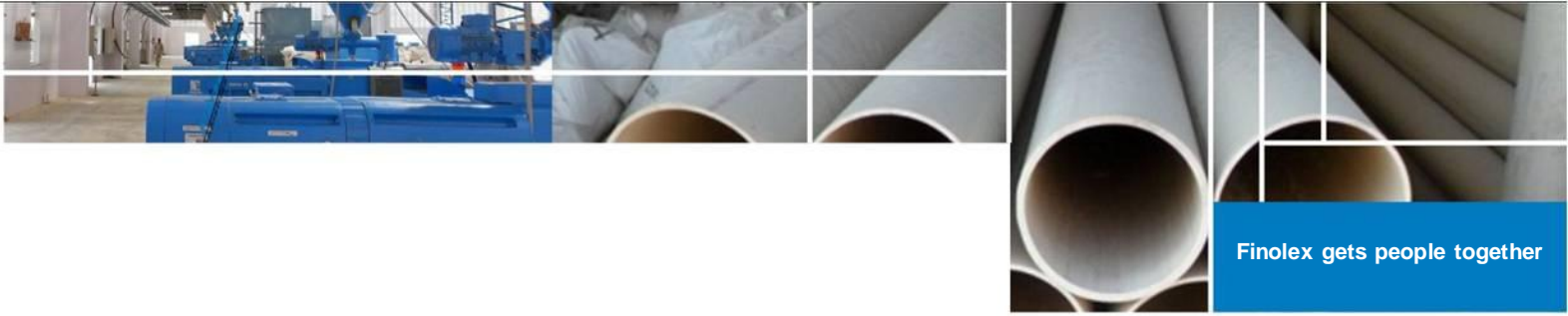
## Profit & Loss – Key indicators

<b>Profit &amp; loss account (INR million)</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>1HFY14</b>
Net Income	14,549	19,777	20,998	21,448	9,534
<b><i>Growth in sales (%)</i></b>		<b>36%</b>	<b>6%</b>	<b>2%</b>	
Gross Profits	4,442	3,878	3,893	5,356	2,656
<b><i>Gross margins (%)</i></b>	<b>31%</b>	<b>20%</b>	<b>19%</b>	<b>25%</b>	<b>28%</b>
EBIDTA before forex gain/(loss)	3,168	2,362	2,314	3,587	1,761
<b><i>EBIDTA (%)</i></b>	<b>22%</b>	<b>12%</b>	<b>11%</b>	<b>17%</b>	<b>18%</b>
EBIDTA after forex gain/(loss)	2,628	2,197	2,168	2,627	897
PBT	1,740	1,150	967	1,902	708
<b><i>PBT (%)</i></b>	<b>12%</b>	<b>6%</b>	<b>5%</b>	<b>9%</b>	<b>7%</b>
PAT	1,323	762	752	1,361	501
<b><i>PAT (%)</i></b>	<b>9%</b>	<b>4%</b>	<b>4%</b>	<b>6%</b>	<b>5%</b>



## Balance Sheet – Key indicators

Balance Sheet (INR million)	<i>FY10</i>	<i>FY11</i>	<i>FY12</i>	<i>FY13</i>	<i>1HFY14</i>
<b><i>Equity and liabilities</i></b>					
Share capital	1,240	1,240	1,241	1,241	1,241
Reserves and surplus	4,637	4,963	5,380	5,971	6,471
Long term borrowings	1,958	1,954	1,896	1,397	1,197
Short term borrowings	6,377	5,391	8,229	5,709	5,405
<b><i>Assets</i></b>					
Fixed Assets (Net Block)	8,356	7,924	7,840	8,795	8,724
Capital WIP	664	722	854	506	586
Non-current investments	1,208	1,221	1,221	1,274	1,274
Current investments	2,055	859	3,711	2,322	-



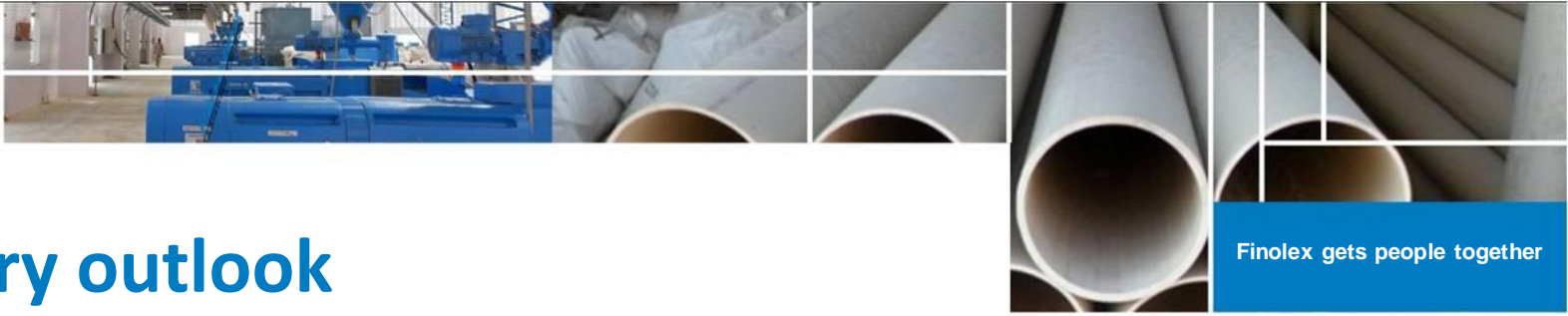
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## Industry outlook

- ❖ PVC pipe industry growing at a CAGR of 10% over the last 5 years.
- ❖ Total pipe market stands at about 1.6 MT as per Industry estimates.
- ❖ Rapid shift from the un-organised segment towards the organised segment and currently 50% market remained organised.
- ❖ Monsoon season is usually a slack season for local PVC pipe manufacturers.
- ❖ Good monsoon likely to help boost rural incomes.



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## 32nd AGM – Chairman’s Message

### Key Highlights

- ❖ Company continues to be India’s largest manufacturer of PVC pipes and fittings.
- ❖ It plans to expand the pipe & fitting capacity to retain its numero-uno position in the industry.
- ❖ Company intends to focus on financial consolidation going forward.
- ❖ Measures have been initiated to achieve cost rationalization throughout the Company’s operations and the management expects that this will yield good long term benefits.
- ❖ Healthy cash generation by the company will help to bring down company’s debt levels steadily over the next few years.

***For the full speech click on the link below***

<http://www.finolex.com/images/UserFiles/File/CHAIRMAN%20SPEECH%20REVISED%20-%2020%20%209%202013.pdf>





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